

How bad could it be?

Severe outbreak could claim 1.9 million lives

BY JOHN PATTERSON
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SPRINGFIELD — Exactly how big a threat bird flu poses depends on how one looks at it.

In a worst-case scenario, it could be a bigger threat to human life than guns and car crashes. On the other hand, many people may face a greater risk of death from falling down a flight of stairs.

With the avian bird flu threatening to mutate into a form contagious between humans and then spark a global pandemic, health and business experts are crunching numbers — trying to come up with accurate predictions of not only the chances of catching the would-be deadly virus, but also the potentially devastating impact on business.

The great uncertainty stems from the overwhelming unpredictability of such a pandemic. It could strike tomorrow, or be years away.

It might be a ruthless killer, like the 1918 outbreak that killed so many that the country's population actually decreased. Or it could be rela-

tively less severe, as in the 1968 pandemic that claimed 34,000 lives. Today, seasonal flu alone kills nearly 36,000 people annually.

"Nobody knows until it starts to go human to human," said Jim Toole, an actuary hired by the Schaumburg-based Society of Actuaries to research the economic and societal impact of a modern pandemic.

That impact could be huge, ranging from higher health care costs to life insurance being more expensive. And that's even before there's an outbreak.

Health officials have said a moderate bird flu outbreak in the United States could kill 209,000 people — one in every 1,430. A severe outbreak could claim 1.9 million lives — 1 in every 157. Nearly 299 million people live in the United States.

The flu outbreak in 1918 and 1919 killed upward of 675,000 people — one in every 152 people in the country — striking at healthy young adults. It marks the only time in modern history that the U.S. population actually declined, dropping 60,000 people.

Illinois was not spared.

U.S. Health and Human Services Secretary Mike Leavitt detailed the impact of that pandemic during a planning seminar earlier this year in Rosemont.

Initially, overconfident public health officials declared they had the situation "well in hand." Then the flu hit and thousands died. In the second week of October 1918, more than 2,100 Chicagoans died. The next week, another 2,300 died in the city.

Chicago ran out of hearses and in an attempt to control the outbreak, banned public funerals, limited attendance at burials to 10 and bodies were not allowed in churches.

Accounts of health workers from the time describe bodies stacked atop each other and morticians working day and night.

Leavitt warned there's no reason to think the next outbreak won't resemble the past outbreak.

"If a pandemic strikes," he said, "it will come to Illinois."

A 1957 pandemic killed 70,000 people in the United

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approach \$133 billion in additional death claims.

Under the most severe scenario, research by insurance industry economist Steven Weisbart suggests perhaps eight of the top 30 group life insurers will be "under stress."

"The weak ones would fail unless the flu is so bad that even the best ones fail," Weisbart said. "If there is enough of these dominoes, the whole industry could go down. But that isn't likely."

Insurers use other insurers, called reinsurers, to cut their risk. But Weisbart quotes one authority who envisions a scenario in which, "reinsurers would drop faster than people."

A flu that causes a severe economic slowdown, according to industry estimates, could amount to a plunge in gross domestic product of 5 percent, which in turn would hurt the stock market. Many insurance annuities are indexed to the overall value of the stock market.

However, predicting the ripple effects of a severe pandemic is "more challenging than predicting the potential damage from dozens of tropical storms that might make landfall, because we

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States, nearly 1 in every 2,400. A 1968 pandemic killed 34,000 people, roughly one in every 5,900.

In comparison, a typical person's odds of being shot and killed in a given year are 1 in 24,342. Over the course of a lifetime, the odds increase to 1 in 315.

Car crashes, murders and even lightning strikes all carry a lengthy history of causing deaths and injuries. Unfortunately, each can be counted on for a certain number of deaths each and every year.

Pandemics such as bird flu,

however, aren't as predictable.

A worst-case scenario report done for federal officials predicted, 8.5 million people hospitalized, 1.9 million dead and medical and economic costs topping \$450 billion. Nearly one-quarter of the work force would either be sick or stay home from work for fear of getting sick.

Most experts agree that like an earthquake or a hurricane, it's going to happen," Toole said. "Unfortunately, if a pandemic does go from human to human, were all going to be at risk."

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have no modern experience with vast health disasters," according to an in-depth report on the subject by the insurance institute. Even though it's difficult to calculate the bird flu's impact, the insurance industry continues to do so, producing ever-evolving predictions.

Yet the nation's biggest publicly traded insurer, the Allstate Corp, thinks it can handle the bird flu.

Northbrook-based Allstate runs "Total Enterprise Risk Evaluations," that look at a variety of catastrophes and how they affect the business as a whole.

"Avian flu is one we have modeled for," Allstate spokesman Michael Trevino said. "We've looked at the exposure to our company and it would be quite manageable."

Allstate is predominantly a property and casualty insurer for homes and cars. But it also is the 11th largest life insurance firm in the country.

Allstate declined to say what that exposure will be but added that the property and casualty side of the insurance industry isn't likely to be dramatically damaged.

Internally, Chicago-based insurer Aon Corp. has task forces handling business interruption, supply chain and health care issues.

"First, we took care of the education of key executives," said Karl Bryant, Aon's director of business continuity.

Aon formed inter-disciplinary groups to share information on mitigation strategies such as social distancing rules and communications with client insurers.

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Spokesman Michael Trevino, Northbrook-based Allstate

For its clients, Aon's bird flu demerit, Giacobbe said, the task force works with its wide preparation will be worthwhile. The earth averages three pandemics a century, so being prepared will help with the next worldwide virus epidemic, he said.

"People are saying, 'Boy, I'm seeing more about this in the news, what should we be doing,'" said Christopher Kip Bohm, Aon's assistant director and actuary.

Helping clients manage their risks is part of the risk management services of Aon.

The food, health care and travel industries are considered to be most at risk of interruption, yet Aon's Financial and Risk Analyst Mike Giacobbe said

industry estimates show as little as 15 percent of all companies are prepared.

Even if the bird flu does not develop into a worst-case pandemic,

It's no different than any other disaster, like Katrina and New Orleans," he said. "You have to make sure the children are taken care of without the breadwinner."

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